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3 November 1981

USSR Report

ECONOMIC AFFAIRS

No. 985

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ERRATUM: In JPRS 79252 of 20 October 1981, No 984 of this series, the headline in the table of contents in the Resource Utilization and Supply section should read "West Siberian Gossnab Official Discusses Supply."

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PLANNING AND PLAN IMPLEMENTATION

ESTABLISHMENT OF STANDARDS DISCUSSED

Moscow EKONOMICHESKAYA GAZETA in Russian No 29, Jul 81 p 9

[Statement by G.M. Pokarayev, deputy chief of Norms and Quotas Department of Gosplan USSR: "The System of Norms and Quotas"]

[Text] The decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 set the task of raising the content of planning to a qualitatively new level, particularly on the basis of introducing a system of scientifically based technical-economic norms and quotas. What has been done in this direction?

G.M. Pokarayev, deputy chief of the Norms and Quotas Department of Gosplan replies:

Gosplan USSR with the participation of ministries and departments approved the system of progressive norms and quotas and has outlined measures for its introduction.

The system determines the makeup of norms and quotas of expenditures (economy) of labor, raw and other materials, fuel and power resources. Moreover, it contains norms for the use of production quotas and specific capital investments and the optimum composition of equipment and cable-products requirements. The system determines the manner of further improving methodological bases and methodological provisions for norm setting and the exercise of stricter control over norms. On its basis, conditions are created for complex analysis of economies of different kinds of resources.

At many ministries, particularly at the Ministry of Construction, Road and Municipal Machine Building, the USSR Ministry of Petroleum Refining and Petrochemical Industry and the Ministry of Civil Aviation, complex plans of work for the improvement of norm setting for 1981-1985 have been developed. Head units have been determined that are to be responsible for the organization of norm setting of resources. Attention is called to the experience of ministries that have created special commissions to head this work. At a number of sectors, the norm setting apparatus has been bolstered with qualified cadres.

On the assignment of Gosplan USSR, the Scientific-Research Institute of Planning and Norms attached to Gosplan USSR significantly expanded the research themes on norm setting. This will permit in the near future pressure on the work of sectorial scientific-research institutes that find deficiencies in model documents on a number of norms and quotas.

At the same time not all ministries and regional planning organs devote the necessary attention to these questions.

Special attention should be given to the organization of operation of normative services of enterprises and associations. These subdivisions must be provided with aid in supplying them with highly qualified cadres. The absence of such services at many enterprises should be considered intolerable.

The complex character of the set tasks that the establishment of a normative base for enterprises and associations be under the supervision of their director of deputy director for economic questions. Social bureaus of economic analysis and technical norm setting must actively participate in this work.

Gosplan USSR and the USSR State Committee for Labor and Social Problems together with ministries and departments have now started on developing a quota for factory-plant labor intensiveness of a production unit with the idea of going over in the future to the validation of a plan for labor on the basis of this indicator.

It should be emphasized that the group of norms and quotas of material resources has been supplemented with a number of new indicators: a target for average reduction of the total specific outlays of metal, the use factor of metal, making it possible to provide a complex approach to the planning of economies of metal products. These measures will make it possible for labor collectives to fulfill more successfully tasks set by the decree of the CPSU Central Committee and the USSR Council of Ministers for resource economy.

7697
CSO: 1820/11

ECONOMIC POLICY, ORGANIZATION, AND MANAGEMENT

ROLE OF SOVIETS IN CONSERVING ECONOMIC RESOURCES

Decree on Economic Use of Resources

Moscow IZVESTIYA in Russian 28 Aug 81 p 1

[Article by Chairman of the Presidium of the USSR Supreme Soviet L. Brezhnev and Secretary of the Presidium of the USSR Supreme Soviet M. Georgadze: "Decree of the Presidium of the USSR Supreme Soviet--'On the Work of Soviet People's Deputies in Strengthening Economic Regulations and the Efficient Use of Material Resources"]

[Text] Since one of the indispensable conditions for carrying out the nation's broad economic and social development program which the 26th CPSU Congress outlined is the economical and efficient utilization of the tremendous potential created by the effort of the Soviet nation and managed by the CC CPSU instructions, the Presidium of the USSR Supreme Soviet decrees the following:

1. The mobilization of the workers to struggle for economical and efficient use of all types of material resources should be considered one of the most important directions of the work of Soviet of People's Deputies today.

The Soviet of People's Deputies must insure a fundamental improvement in managing the government bodies, enterprises, associations, departments and organizations which are subordinate to them in the area of economic and efficient utilization of raw materials, supplies, fuel, energy, agricultural products and other material resources.

2. The Presidiums of the Supreme Soviet and Councils of Ministers of union and autonomous republics, local Soviets of People's Deputies and their executive committees must persistently and consistently carry out the measures which are directed towards adhering to a strict system of economic rules, strengthening profit and loss accounting, and a broad implementation of ways to intensively run businesses which are located on corresponding enterprises, in associations, institutions and organizations.

For the 11th Five-Year Plan it is necessary for the indicated enterprises, associations, institutions and organizations to develop practical measures for significantly reducing the use of raw materials, supplies, fuel, and energy. They must

reduce waste, maximize the utilization of secondary resources, more fully use local resources in production and eliminate various types of losses and waste.

3. The Soviet of People's Deputies and their executives and managerial bodies must strengthen control over production, trade and utilization of food products, and over reducing the use of raw food materials for technical needs. They must increase requirements placed upon agricultural, trade and procurement organizations for the quality and proper storage of grain, potatoes, vegetables and other agricultural products. They must enlighten the populace daily on the efficient use of grain and other food products. They must struggle with the heedless and wasteful attitude to this most valuable national treasure.

4. At sessions of the Soviet of People's Deputies and at executive committee meetings it is necessary regularly to study the issues connected with the course of work in adhering to a system of rules of economizing in production, communal housing, non-production areas and everyday life. The work on reducing waste and losses of raw materials and goods and on improving the collection and utilization of secondary resources, food and other everyday waste must be evaluated. The responsibility of the managers of business organizations, enterprises, institutions and organizations for protecting socialist property must be increased. Mismanagement, wastefulness, non-productive expenses and waste and losses must be decisively eliminated. Upon evaluating the work of associations, enterprises, institutions and organizations in their implementation of the planned task, the results achieved during the efficient utilization of material resources and in protecting state and public property must be kept in mind. The existing favorable experience in this work must be distributed.

5. It is essential to increase the control of standing committees of the Soviet of People's Deputies over carrying out measures on the economical and efficient utilization of material resources. It is necessary in this work to strengthen the interrelationship of standing committees, organizations of the peoples' control and the public as a whole.

6. The Councils of Ministers of union and autonomous republics, executive committees of kray and oblast Soviet of Peoples' Deputies must pay constant attention to the work which is being done by interbranch commissions, established by the 30 Jun 81 Decree of the CC CPSU and USSR Council of Ministers on the economical and efficient utilization of material resources. They must consider the remarks and suggestions of these commissions in preparing plans for economic and social development and in carrying out control over their implementation. In the subsidiary associations, enterprises, institutions and organizations, steps must be taken to strengthen the services which fix standards and legal limits of material resources and control their efficient utilization.

7. Local Soviets of People's Deputies Should:

--conduct consistent organized and educational work among the residents in the economical utilization of fuel, electrical energy, water, gas and food products. All labor collectives, schools and other teaching facilities as well as each family must be included in this work;

--actively include production and territorial deputy groups and deputy positions as well as public volunteer organizations in this work and support and develop their

initiative in resolving problems regarding the economical and efficient utilization of material resources;

--strive to ensure that every Soviet citizen actively participates in the struggle for economy and thrift in production and everyday life and makes his own contribution to this public effort; create an attitude of intolerance to any signs of mismanagement and wastefulness.

8. Upon examining state plans for economic and social development of the USSR and USSR State Budget and other issues of economic and social-cultural buildings the Planning and Budget Commission and other standing commissions of the Union Soviet and the Nationalities Council of the USSR Supreme Soviet should pay particular attention to reducing expenditures of raw materials, supplies, fuel and energy, and to achieving more efficient use of agricultural products, maximal utilization of secondary resources and liquidation of various types of losses.

9. The Committee of the USSR People's Control and the USSR Procurator must intensify control and supervision over carrying out the requirements of the law concerning the protection of socialist property and concerning the strict adherence to an economical system of rules.

10. The editorial board of the IZVESTIYA SOVETOV NARODNYKH DEPUTATOV SSSR newspaper and the SOVETY NARODNYKH DEPUTATOV journal must regularly discuss issues concerning a more careful attitude towards socialist property and the efficient utilization of all types of resources as one of the most important principles of the party's economic strategy, as well as more broadly spread the favorable experience of Soviet and labor collectives' work in this area.

Economy, Thrift Urged

Moscow IZVESTIYA in Russian 29 Aug 81 p 1

[Editorial: "In Favor of Economy and Thrift"]

[Text] The campaign for economy, thrift and an efficient utilization of material resources is becoming a national concern. This is a direct response of the workers to the appeal of the party and to the resolution of the 26th CPSU Congress. Comrade L. I. Brezhnev stated at the Congress that "...the core of an economic policy, would seem to be very simple and ordinary--an economical approach to managing the public good and the ability to use what we have both efficiently and expediently."

As always this most important government work becomes one of the chief directions in the activity of the Soviet of People's Deputies. The Presidium of the USSR Supreme Soviet discussed and approved a decree on the work of the soviets in strengthening the system of rules for the economical and rational utilization of material resources. The Soviets of People's Deputies at all levels have been requested to take steps to fundamentally improve work in managing subordinate enterprises nad departments in this area. The presidiums of the Supreme Soviets and Councils of Ministers of union and autonomous republics and executive committees of local soviets have been entrusted with persistently and consistently carrying out measures. These measures are directed at maintaining a strict system of economizing, widespread implementation of methods for intensively overseeing the management of all enterprises, associations,

institutions and organizations located on the soviet's territories. That is, the organs of power are totally responsible for the economical and efficient utilization of raw materials, supplies, fuel, energy, agricultural products and other resources. Regardless of under what control the enterprise or institution finds itself, and regardless of the body to which it is subordinate, it is required to follow an economic system of rules.

Naturally, the soviets must first of all ensure an economic and efficient utilization of all resources at enterprises and in departments which are subordinate to them. It is essential to organize strict control over production, trade and the utilization of foodstuffs and over expenditures of raw food materials used for technical requirements. It is particularly important to increase the requirement placed upon agricultural, trade and procurement organizations for the reliable storage of grain, potatoes and vegetables. The field and farm workers spare no efforts in raising and gathering the harvest. Now the summer is at an end and soon autumn days will be here. It is the time for more intensive procurement of foodstuffs. All efforts and resources must be directed in order that the harvest which has been raised and gathered should be properly stored. This task is of great political importance. This is a real contribution to the realization of the food program.

The Soviet of People's Deputies have gained a great deal of experience in mobilizing workers to carry out the tasks set by the party. On the personal initiative of the peoples' choices, the search for ways to economize in every area of the economic system is in the forefront. The Soviet of People's Deputies are laborers, kolkhoz workers, engineers, and experts in thier work who know very well what production means and what its resources are. In their own areas they can lead movements towards a more thrifty and economical approach, find additional opportunities for producing products and more efficient ways to use materials and equipment.

At the Volkhovskiy Aluminum Plant imeni S. M. Kirova on the initiative of a deputy group of the enterprise, they organized a continuously operating school for thrift. The school is quite practical. The lessons are organized in such a manner that production received a direct return. Lessons in economizing are conducted on the basis of definite shop tasks. A great deal has been put into actual practice. Powerful ovens which burned raw materials, for example, now are used as boilers. This allows up to 1,000 tons of fuel oil to be saved per year. The students at the school suggested that at the assembly unit for producing aluminum, panels be set up in which water would circulate. These original "steam batteries" were adapted for heating dwelling houses. Now in Volkhov practically one out of three blocks uses this form of surplus heat. The comprehensive program which was developed for the efficient utilization of raw materials and supplies was discussed in the shops. The plant's initiative was approved at the meeting of the city soviet. Thus the deputies answered the appeal of the party with real economizing.

The soviets discuss the most important issues of government, management and cultural construction. Standing commissions actively participate in solving economic problems. The decree of the Presidium of the USSR Supreme Soviet directly specifies that soviet sessions and executive committee meetings should regularly examine economizing in production, in communal dwelling, in non-productive areas and in everyday life. During this examination it is important to state the problem in general but to examine it in detail to find specific ways of economizing. A reduc-

tion in waste and losses of raw materials and supplies, the collection and utilization of secondary resources, food and other everyday wastes must all come to the attention of the deputies, the soviets and their organizations. It is essential to increase the responsibility of managers of economic organizations for carrying out a system of economizing and strictly deal with those who are guilty of mismanagement and wastefulness and put a stop to any attempts to take socialist property.

All workers of our nation are interested in increasing the national wealth. Our well being depends upon it. However, not all citizens treat public property in a responsible and assiduous manner. Therefore local soviets, relying on deputy groups and posts and on their many aktivs, must constantly and persistently conduct organizational and educational work among the populace, in labor collectives, schools and teaching facilities. The educational work must be organized in such a way that it reaches every family and person. Our common campaign for greater economy and thrift begins with a conscious and enthusiastic attitude towards the utilization of such everyday things as water, gas, electricity and heat.

Comrade L. I. Brezhnev said that there are problems of economical construction which no one can solve better than the soviets. Our governing organs, relying on many aktivs influence literally all areas of life. There are reserves in all of these areas which must be put into the service of the socialist economy and further improvement of the well being of the Soviet people.

8714
CSO: 1800/717

INVESTMENT, PRICES, BUDGET AND FINANCE

DATA ON USSR PRICE CHANGES

Tol'yatti Overcharges

Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 81 p 7

/Article: "A Check of Price Discipline"/

/Text/ The Tol'yatti Plant of Technological Equipment produces hammer dies of die forging (TU22-Sh-01-76). The plant sold these dies at the prices approved by its director, although the wholesale prices for them are subject to the approval of the Ministry of Construction, Road and Municipal Machine Building. After the approval of the prices in accordance with established procedure it turned out that the enterprise had undeservedly received during 1979-1981 more than 56,000 rubles.

The plant also did not transfer to the budget the profit received from the exceeding of the actual profitability on one-time orders as against the planning standard (the illegal receipts due to this in 1980 came to 40,600 rubles); it sold surplus commodity stocks with a markup of 5 percent in excess of the wholesale prices and received 9,000 rubles too much from consumers.

These facts were discovered by a check made by pricing organs. The USSR State Committee for Prices examined the results of the check and confiscated for the revenue of the state budget the assets received by the plant as a result of the violation of state price discipline. These assets will be excluded from the report on the fulfillment of the plans of the sale of products and the profit.

The materials of the check have been sent to the Ministry of Construction, Road and Municipal Machine Building in order to make administratively answerable the persons guilty of violating price discipline.

Bryansk Road Machine Prices

Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 81 p 7

/Article: "According to the Results of a Check"/

/Text/ The USSR State Committee for Prices checked at the Bryansk Road Machine Plant imeni 50-letiya Velikogo Oktyabrya the procedure of applying prices for products produced on the basis of tractors which are delivered as components.

The Chelyabinsk Tractor Plant supplies the T-130G-1 tractor for the production of the ETTs-406 excavator-drain layer, removing in this case the hitch and the wheel protectors, for which it gives a wholesale price discount in the amount of 52 rubles. The Bryansk Road Machine Plant removes from the tractor 107 descriptions of parts and assemblies, which are not used when producing the excavator, worth 1,100 rubles.

In the draft of the wholesale price for the ETTs-406 excavator-drain layer, which was submitted for approval, the plant did not indicate the parts and assemblies, which are taken off the tractor and are not included in the calculation of the price, having grossly violated state price discipline. For this reason the plant received more than 80,000 rubles in undeserved earnings.

When selling the spare parts this enterprise overstated the markups by 125,300 rubles, having increased at the same time in violation of prevailing procedure the report on the fulfillment of the plan of the output of commodity production by 579,000 rubles.

The USSR State Committee for Prices has examined the results of the check. The assets received by the Bryansk Road Machine Plant as a result of the violation of state price discipline were confiscated for the revenue of the state budget and will be excluded from the report on the fulfillment of the plans of the sale of products and the profit.

At the same time the materials of the check have been sent to the Ministry of Construction, Road and Municipal Machine Building in order to make administratively answerable the persons guilty of violating price discipline.

Temporary Shoe Prices Rescinded

Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 81 p 7

/Article: "The Rescission of Temporary Prices"/

/Text/ The Ukrainian SSR State Committee for Prices rescinded ahead of time, starting on 1 July 1981, the temporary prices for some models of footwear of improved quality. Among them are: summer shoes, which are produced by the Kherson Footwear Factory, merchandise types N655-5-U, NV56-5-U, N657-5-U, N658-5-U, N659-5-U and N660-5-U; small children's shoes of the Zaporozh'ye Footwear Association, merchandise types N1733-5-U, N1734-5-U and N1735-5-U; women's summer shoes of the Nikolayev Footwear Factory, merchandise types N1899-5-U and N1900-5-U.

Starting on 1 July 1981 the manufacturing enterprises should release (ship) these items at the permanent wholesale price with an indication of the permanent merchandise types.

Metal Product Prices

Moscow EKONOMICHESKAYA GAZETA in Russian No 30, Jul 81 p 7

/Article: "Appraisal of Prices"/

/Text/ At the request of USSR Gossnab the USSR State Committee for Prices made an apppraisal of the wholesale prices for the products of the 800 strip mill of the

Orsk-Khalilovo Metallurgical Combine. The need for this was created by the high production cost as compared with the planned production cost and the unprofitability of the products. In such instances the council of experts of the USSR State Committee for Prices makes an appraisal, recruiting the necessary specialists for the expert commission.

The appraisal established that since being placed into operation the mill has put out products, the grade of which differs sharply from the planned grade. Thus, in 1980 only 21.6 percent of the production volume was assigned to products with the planned grade assortment. Strip made from 11YuA steel with a section of 15 X 225 mm was not produced at all. The mill was put into operation without an integrated automation system and without a thermopickling compartment, which does not ensure the possibility of the output of the volume and grade of products, which were stipulated by the plan.

As a result the actual production cost for the 800 mill in 1980 was 51.8 rubles per ton more, or 45.4 percent more, than the planned production cost. For the main type of products--strip made from 11YuA steel--the excess of the production cost as compared with the plan was 107.1 rubles per ton, or 86.1 percent.

The losses with respect to the commodity portion of the output amounted to 10.8 million rubles.

After examining the results of the appraisal at the meeting of the committee, the USSR State Committee for Prices adopted the decision jointly with the concerned ministries and departments to draft by 1 September of this year a plan of the implementation of the suggestions of the expert commission, as well as measures which ensure the acceleration of the assimilation of the rated capacities of the 800 mill and the elimination of the unprofitability of the output of products.

Reshipping Markup Disallowed

Moscow EKONOMICHESKAYA GAZETA in Russian No 30, Jul 81 p 7

/Article: "A Check of Settlements"/

/Text/ The departmental check made of the correctness of the settlements for the supply and marketing operations performed by the Moscow Office of the Main Administration of Material and Technical Supply of the USSR Ministry of Communications established that the office, when reshipping to communications enterprises in Moscow and Moscow Oblast goods received from other supply and marketing offices of the Main Administration of Material and Technical Supply, collected from the enterprises receiving the goods a markup in the amount of 1.9 percent of the wholesale prices of the goods.

At the same time in conformity with the instructions of the USSR Ministry of Communications, when reshipping goods the reshipping offices should not collect from the owners of the goods a supply and marketing markup and should not include these goods in the reporting data on the commodity turnover.

The Moscow Office of the Main Administration of Material and Technical Supply in violation of established procedure illegally collected 27,200 rubles from the owners of the goods.

The USSR State Committee for Prices, having examined the materials of the check at a meeting of the committee, decided to confiscate from the Moscow Office of the Main Administration for Material and Technical Supply of the USSR Ministry of Communications for the revenue of the union budget the 27,200 rubles received as a result of the violation of state price discipline.

Products for Land Reclamation

Moscow EKONOMICHESKAYA GAZETA in Russian No 32, Aug 81 p 7

/Article: "A Check of Price Discipline"/

/Text/ Pricing organs have made a check of the state of the work on pricing and the monitoring of the observance of the discipline of the prices for the industrial products being produced by the enterprises of the USSR Ministry of Land Reclamation and Water Resources for the needs of reclamation construction.

Violations of state price discipline were established at 87 of the 99 checked enterprises. Thus, the Kalinkovichi Plant of Reinforced Concrete Items with the knowledge of the Belorussian SSR Ministry of Land Reclamation and Water Resources sold RT-15V-15 round free-flow pipe at the price of 78 rubles 59 kopecks per section instead of 53 rubles 55 kopecks. In 1980 alone the enterprise derived an additional profit of 213,000 rubles.

The Plant of Water Valve Equipment of the Uzbek SSR Ministry of Land Reclamation and Water Resources sold sumps with side equipment at 920 rubles per ton instead of the approved price in the amount of 350 rubles. The illegal earnings amounted to 107,600 rubles.

The Dushanbe Experimental Excavator Repair Plant of the Tajik SSR Main Administration for Construction by overstating the prices for the blades and bucket of excavators of types E-302 and E-652 derived 38,300 rubles of additional earnings.

Cases of overstatements of the list prices were also established at other plants of the main administrations and the ministries of land reclamation and water resources of the union republics. As a result of the indicated violation the checked plants of the USSR Ministry of Land Reclamation and Water Resources alone in 1979-1981 received more than 1 million rubles too much from consumers.

The sale of products not at prices approved in accordance with established procedure is another most widespread type of violations. The Gulistan Experimental Machinery and Repair Plant of Glavsredazirsovkhozstroy, for example, for a number of years produced and sold 14 descriptions of items without technical specifications and prices, which had been approved in accordance with established procedure.

Some enterprises of the Ministry of Land Reclamation and Water Resources are not transferring to the revenue of the state budget the profit received in excess for products produced in accordance with one-time orders. The total amount of this profit was 460,800 rubles. Cases of the overstatement of the established markups when selling surplus commodity stocks were discovered.

The USSR State Committee for Prices examined the results of the check and confiscated for the revenue of the budget the assets which were received by enterprises

of the Ministry of Land Reclamation and Water Resources as a result of violations of state price discipline. A letter on the need to strengthen dep-rtmental monitoring was sent to the ministry.

Limit Prices

Moscow EKONOMICHESKAYA GAZETA in Russian No 33, Aug 81 p 7

/Article: "The Registration of Limit Prices"/

/Text/ In the first half of 1981 the USSR State Committee for Prices received for registration 124 plans of limit prices (the maximum price, which is elaborated at the stage of the designing of a new item).

For five items (an automatic machine for the elevator polishing of bearings like the VSh-314D of the Vitebsk Plant imeni S. M. Kirov and boring, facing and milling machines like the 24K65AF4, 24K80AF4, 24K70AF4 and 26912NZF4 of the Leningrad Machine Tool Building Association) the limit prices were rejected for registration, since the expenditures on the production of these items exceeded the accounting price.

Of the remaining 119 plans the limit prices were registered for only 25 items at the level described by the ministries, while for 94 items they were registered with a decrease, which in some instances exceeded 70 percent. Among the items, for which the greatest decrease was made, are a semi-automatic spherical polisher like the LZ-259 of the Leningrad Special Design Bureau (a price of 35,200 rubles was registered instead of 46,240 rubles), the 2N125L-1 vertical drilling machine of the Odessa Special Design Bureau (a price of 1,460 rubles was registered instead of 6,580 rubles).

Overpriced Boilers

Moscow EKONOMICHESKAYA GAZETA in Russian No 33, Aug 81 p 7

/Article: "Economic Sanctions"/

/Text/ Not Approved by the Client

The Dorogobuzh Boiler Plant of the Ministry of Power Machine Building, which produced hot-water boilers, during 1980-1981 sold KVGM-100, PTVM-50 and PTVM-30 boilers with the application of supplementary payments to the list wholesale prices, which were collected from clients (without their approval) for the replacement of the piping with more expensive piping. As a result the plant derived additional earnings of 61,300 rubles.

The check that was made revealed the indicated violation. The USSR State Committee for Prices adopted a decision on the confiscation for the revenue of the budget of the assets received by the Dorogobuzh Boiler Plant as the result of the violation of state price discipline. In conformity with prevailing procedure the amount confiscated for the revenue of the budget is not being included in the reporting data of the enterprise on the fulfillment of the plan of the sale of products and the profit.

KamAZ Price Increase Rejected

Moscow EKONOMICHESKAYA GAZETA in Russian No 35, Aug 81 p 7

/Article: "The Result of an Appraisal"/

/Text/ In connection with the proposal of the Ministry of the Automotive Industry and the Kama Association for the Production of Heavy Trucks (KamAZ) to increase the wholesale prices for the KamAZ truck the USSR State Committee for Prices made an appraisal of the technical and economic substantiation of the use of metal in the components of the indicated trucks.

The expert commission checked the correctness of the choice and use of ferrous metals (rolled products, cast metal) in the components of the trucks with allowance made for the strength characteristics of the metal and the metal content of the products.

The appraisal showed that the utilization ratio of ferrous metals, including rolled products, in the production of KamAZ trucks is considerably less than for other domestically produced trucks. Therefore, the excessive consumption of metal is about 8 percent of the amount of used metal. The excessive consumption of rolled ferrous metal products is occurring due to deviations from the specifications and contract terms on the assortment.

The appraisal recommended the adoption of a number of measures, by means of which a substantial saving of rolled ferrous metal products can be achieved.

For the purpose of an additional decrease of the expenditures on the production of trucks it was suggested that the Ministry of the Automotive Industry and the association examine the question of prices for assemblies and parts, which are supplied through internal and intraministerial cooperation and with respect to which an excessive profitability of their production has formed.

The USSR State Committee for Prices examined the results of the appraisal and approved them. The Ministry of the Automotive Industry was denied an increase of the wholesale prices for the KamAZ truck.

Retail Price Increases

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 p 14

/Article: "In the USSR State Committee for Prices"/

/Text/ The USSR State Committee for Prices has examined and analyzed the problems of the prevailing system of retail prices.

In our country in conformity with the policy of the Communist Party of steadily increasing the well-being of the people the stability of state retail prices for basic foodstuffs and nonfood consumer items has been ensured. Their production and consumption are steadily increasing.

The retail prices for bread, baked goods and macaroni items, groats, vegetable oil, the main types of fish and canned goods and sugar have remained at the 1955 level, while the prices for meat and dairy products have remained at the 1962 level.

The prices for the formed assortment of fabrics, clothing, footwear and many other goods of everyday demand, as well as for basic cultural, personal and household goods, including dishes, televisions, radios, tape recorders, refrigerators, vacuum cleaners, washing machines and a large number of other items, are being retained.

The assortment of goods, especially nonfood consumer items, is being considerably updated and expanded. New goods of improved quality, which are fashionable and technically improved, are constantly being developed. The prices for such goods are established with allowance made for the production expenditures and their consumer properties.

The low rates of rent, which have remained unchanged for more than 50 years, as well as the stable rates for the basic municipal and personal services of the population, including the charge for electricity and gas, are an enormous social achievement of our society.

In conformity with the socio-economic policy of the CPSU in our country along with stable retail prices the monetary income of the population is increasing from year to year on the basis of the increase of wages and pay at kolkhozes and the increase of retirement security and state aid to families with children.

The change in production conditions, the increase of the expenditures on the extraction of raw materials and the assurance of the efficient use of resources and some goods dictate the objective need for the making of some adjustments in prices.

On this basis the USSR State Committee for Prices has passed a decree on the change of the retail prices for some goods as of 15 September 1981.

The retail prices for capron fabrics, garments and haberdashery articles, underwear and knit outerwear made from capron and nylon, wrist watches (except watches with gold and gold-plated cases), some types of medicines, including antibiotics and cardiovascular remedies, some cultural and personal goods and cosmetics will be reduced on the average by 12-37 percent.

At the same time the retail prices for wine, vodka and tobacco goods are being increased on the average by 17-27 percent for the purposes of limiting their consumption.

This step also takes into account the corresponding suggestions of workers.

The retail prices for jewelry, cut glass, rugs, fur and fur items, garments and haberdashery articles made from natural leather, high quality woolen and down jackets, some suites and china sets of the highest quality category are being increased by 25-30 percent.

At the same time the prices for the children's assortment of goods and for gold crowns for teeth have been kept at the current level. The amount of compensation paid upon registration of the marriage will be increased for people getting married for the first time when purchasing wedding rings made of gold.

For the purposes of the economical consumption of petroleum products it is recognized as necessary to increase the retail prices for gasoline to 30-40 ¦ pecks per liter, as well as the prices for boat motors, river and lake boats, launches, hydroplanes and yachts for private use.

For disabled veterans of World War II of the first and second groups, who acquire vehicles free of charge, on easy terms or at full cost, as well as for other categories of invalids, who obtain vehicles free of charge or on easy terms, the corresponding compensation at the expense of the state for the additional charge for gasoline is envisaged.

The decisions made by the USSR State Committee for Prices do not affect basic foodstuffs and nonfood consumer items. The retail prices for these goods will also be kept stable in the future, as is stipulated in the decisions of the 26th CPSU Congress.

Glushkov Interview

Moscow EKONOMICHESKAYA GAZETA in Russian No 38, Sep 81 p 14

/Interview with Chairman of the USSR State Committee for Prices N. T. Glushkov by a TASS correspondent; date and place not specified: "On the Change of Retail Prices for Some Goods"/

> /Text/ In connection with the report on the change of retail prices for some goods Chairman of the USSR State Committee for Prices N. T. Glushkov granted an interview to a TASS correspondent, in which he answered his questions.

/Question/ What are the main directions of the policy of prices and planned pricing in our country?

/Answer/ The system of planned pricing is a component of the entire economic mechanism and the most important tool of the implementation of the economic policy of the CPSU. That is why at all stages of the development of Soviet society and the building of socialism the Communist Party has devoted particular attention to questions of the formation of prices and planned pricing. At the 26th CPSU Congress it was again emphasized that in conformity with the policy of the party of further increasing the well-being of the people the policy of ensuring the stability of retail prices for basic foodstuffs and nonfood consumer items will be pursued.

I will recall that the prices for bread, baked goods and macaroni items, groats, vegetable oil, sugar, the main types of fish and canned goods have remained at the 1955 level, while the prices for meat and dairy products have remained at the 1962 level. The prices for the formed assortment of fabrics, clothing, footwear, many other goods of everyday demand, as well as for basic cultural, personal and household goods--dishes, televisions, radios, tape recorders, refrigerators, vacuum cleaners, washing machines and others--are being retained. At the same time their assortment is constantly being updated and expanded, the quality is increasing. The prices for new items, which are fashionable and technically improved, are established with allowance made for the production expenditures and their consumer properties.

The lowest rent in the world is an enormous social achievement of our society. It has remained unchanged for more than 50 years, although the quality of housing has improved significantly. The rates for basic municipal services for the population, including the charge for electric power and gas, are also stable.

It should be emphasized that in conformity with the socio-economic policy of the party along with stable retail prices the monetary income of the population is increasing from year to year--wages and pay at kolkhozes are increasing, retirement security and state aid to families with children are being increased. As a result of regular measures in this area, which were published a few days ago in the press, the material condition of more than 4.5 million families with children and about 14 million retirees will be improved. For these purposes about 2.5 billion rubles will be spent annually from the state budget. In connection with the new increase of wages more than 1.4 million workers of the coal industry will receive a raise of more than 800 million rubles a year.

The next draw on the repayment of the 1950 State Loan with the payment of 1.3 billion rubles to the population is being held on 15 September.

However, the pursuit of a policy of the stability of state retail prices for basic goods does not mean the complete immobility and freezing of all retail prices. Production conditions, the increase of the expenditures on the extraction of raw materials and the assurance of the efficient use of resources and some goods dictate the need to make some adjustments. This may concern, for example, vanity and fashionable goods, in short, goods that are not of primary vital necessity.

On this basis the USSR State Committee for Prices made the decision to change the retail prices for some goods.

/Question/ Tell us in more detail to what extent the retail prices for some goods have been changed?

/Answer/ The prices for capron fabrics, garments and haberdashery articles, underwear and knit outerwear made from capron and nylon, wrist watches (except watches with gold and gold-plated cases), some types of medicines, including antibiotics and cardiovascular remedies, some cultural and personal goods and cosmetics are being reduced on the average by 12-37 percent.

At the same time the retail prices for wine, vodka and tobacco goods are being increased on the average by 17-27 percent for the purposes of limiting their consumption. This step also takes into account the corresponding suggestions of workers.

The retail prices for jewelry, cut glass, rugs, fur and fur items, garments and haberdashery articles made from natural leather, high quality woolen and down jackets, some suites and china sets of the highest quality category are being increased by 25-30 percent. At the same times the prices for goods for children and gold crowns for teeth have been kept at the current level. The amount of compensation paid upon registration of the marriage will be increased for people getting married for the first time when purchasing gold wedding rings.

For the purposes of the economical consumption of petroleum products it is recognized as necessary to increase the retail prices for gasoline to 30-40 kopecks per

liter, as well as the prices for boat motors, river and lake boats, launches, hydroplanes and yachts for private use.

For disabled veterans of World War II of the first and second groups, who acquire vehicles free of charge, on easy terms or at full cost, as well as for other categories of invalids, who obtain vehicles free of charge or on easy terms, the corresponding compensation at the expense of the state for the additional charge for gasoline is envisaged.

/Question/ How is the role of the system of prices as a stimulus of the increase of the production of consumer goods, the enlargement of their assortment, the improvement of quality and the acceleration of the output of new items which are in demand being enhanced?

/Answer/ There is first of all the great differentiation of retail prices subject to the quality and other consumer properties of goods. The output of new items often involves additional production costs at enterprises. The latter should receive compensation for such costs, otherwise they will not be interested in expanding the output and increasing the quality of the goods needed by people.

The system of the setting of temporary retail prices for new industrial goods of improved quality, which is receiving greater and greater support, is called upon to enhance the stimulating role of prices. Such a system presumes that for the initial period of the output of new items temporary retail prices are set for them, then permanent retail prices begin to be in effect. Given the limitation of the term of effect of the temporary prices and the relatively small differences from the permanent prices, they do not have any substantial effect on the overall level of prices in the country. But they create an interest of enterprises, since the difference in the prices goes for the offsetting of the expenditures connected with the production of new goods and for the payment of bonuses to the workers of the enterprise, who are directly involved in their development.

So-called contract prices for pilot batches of nonfood consumer items of high quality with new consumer properties, which are being produced for the first time, and especially fashionable items should also be in effect for the enhancement of the stimulating role of retail prices. They are set in accordance with agreements between the industrial associations and organizations of the USSR Ministry of Trade. The volumes of pilot batches and the amount of especially fashionable items are strictly limited, therefore the extension of the practice of contract prices will not significantly affect the overall level of prices. After the sale of the first pilot batch the retail prices for the items are then set by pricing organs in conformity with the current level of prices for similar goods, with allowance made for their quality.

Dissatisfaction with the fact that not all price charges are reported in the press shows at times in some letters received by us. On this account it should be noted that we annually approve prices for more than 250,000 new or improved items. These prices are published in price lists which are immediately sent to trade and the industrial enterprises which produce the goods. Every consumer has the opportunity to check these prices at any store. But constant state and public monitoring of the correctness of the setting and application of prices exists in our country.

The decisions made by the USSR State Committee for Prices, N. T. Glushkov said in conclusion, do not affect basic foodstuffs and industrial goods. The retail prices for them, as is stipulated by the decisions of the 26th CPSU Congress, will also be kept stable in the future.

7807
CSO: 1820/7

USE OF FINANCIAL CREDIT LEVERS IN BELORUSSIAN SSR

Minsk PROMYSHLENNOST' BELORUSSII in Russian No 8, Aug 81 pp 30-32

[Article by V. Bliznets, deputy head of Belorussian office of Gosbank USSR, candidate of economic sciences, and G. Kravtsova, dean of the Finance-Economics Faculty of Belorussian State Institute of National Economy imeni V.V. Kuybyshev, candidate of economic sciences: "Credit and Intensification of Production: On the Use of Financial Credit Levers in the Republic's Industry"]

[Text] Intensification of public production and boosting of its efficiency constitute the main line of the country's economic development in the immediate years ahead and over the long term. The role of financial credit levers grows correspondingly. Credit, for example, is bound to strengthen cost accounting, to reinforce the regime of economy, to speed up scientific-technical progress, to increase the output of consumer goods and to promote control over the measurement of labor and the measurement of consumption.

Bank credit already today has become an active part of the process of expanded reproduction. It is enough to say that last year alone Gosbank institutions issued to the republic's national economy about 55 billion rubles of short-term credits. Today it is responsible for the formation of every second ruble of working capital for industry as a whole, while in sectors connected with procurement and processing of agricultural products, the relative share of credit in sources of formation of working capital is as much as 80 percent.

During the years of the 10th Five-Year Plan, credit investment in industry grew more than 26 percent. At the same time, it should be emphasized that short-term credit is used not only as a means of having timely availability of money meet the needs of production but also as a form of economic control over progress of manufacture and sale of products.

The stimulating influence of credit on the development of intensification and rise of efficiency of industrial production has been primarily expressed in effective use of bank principles of the planned goal character of loans, securing of issued funds with commodity stocks and repayment in prescribed periods with interest. Jointly with ministries, departments and production associations performing quarterly planning of needed sums of credit, up to 96 percent of its total size is allocated directly for aims connected with material provision of production. The need of repayment with interest for the use of credit serves as a stimulus for the

most efficient use of credit-backed reserves of commodity stocks and assurance of a regime of economy and thrift in the spending of funds. During the 10th Five-Year Plan, this led to a systematic increase in the volume of produced and sold products and profit per ruble of credit at most production associations and enterprises.

Thus, for example, the sizes of credit obtained by associations and enterprises of the BSSR Ministry of Local Industry grew by one-fourth in the past five-year period, and the volume of industrial production increased 35 percent. The production of consumer goods increased by more than 40 percent and profit by more than 46 percent.

Good results have been obtained by the collective of the Minsk Production Association for Production of Cutting-Off Lathes and Broaching Machines imeni S.M. Kirov. It in particular exceeded the target of the five-year plan for production volume and labor productivity. This is not surprising: the product sales volume per ruble of credit here grew by 52.9 percent and profit by 53.1 percent. The same can be said of the following production associations--Minsk Tractor Plant, Komsomolka Sewing Production Association, Mir Production Association for Toy Production, Baranovichi Cotton Combine as well as the Borisov Crystal Plant, the Neman Glass Plant and many others.

With the aid of credit, Integral Production Association was able to put into operation capacities for the manufacture of electronic wrist watches. Recovery of expenditures and repayment of credit were achieved in two years. During this time, the association produced in addition almost 660,000 electronic wrist watches, while the state budget received more than 20.3 million rubles accumulated in the form of turnover tax.

Credit was used with great benefit for expansion of production and manufacture of new products at Ivatsevichi Woodworking Association, Gomel'drev Association, Belorussian Ceramics, Grodno Tobacco Industry and Gomel'stroymaterialy associations, Minsk China Plant, Slutsk Emal'posuda Plant, Krichev Beer-Brewing Plant and others. During the years of the 10th Five-Year Plant, Gosbank issued a total of 130 million rubles for the expansion and technical improvement of production.

Credits were further developed for formation of reserve stocks of raw and other materials for production of new kinds of products and improvement of their quality. In the 5-year period these credits grew 2.4-fold. Despite this, loans for these purposes are still rarely used, clearly in an inadequate volume and not always effectively. Here is an example. On the insistent request of the BSSR Ministry of Construction Materials Industry, credit in 1979 was opened for more than 1.5 million rubles for the expansion of production at Komintern Glass Plant. The loan was issued with the condition that it be fully paid back in 5 years and 2 months from the time of the first issue. But since the beginning of construction, the work completed here equals only 12 percent of its cost.

The adopted decree of the CPSU Central Committee and the USSR Council of Ministers on improving planning and improving the economic mechanism provides for a broad system of measures for speeding up scientific-technical progress and improving production quality. In conformity to it, Gosbank can grant credits to ministries and departments for expenditures financed from money of the united fund for the development of science and technology when there is no coincidence in time with respect to receipt of funds for this fund and also a period of up to two years for the

realization of highly effective measures not provided by plan for the development of science and technology, manufacture of new products and improvement of quality of items.

Seventy-three percent of all payments for commodity stocks and services are made in the republic with the participation of the bank's credit. For the purpose of ensuring timely payments for products delivered in conformity with contracts, a more favorable procedure is issuing to a buyer so-called payment credit for settlements with suppliers. This credit is now issued for a period of up to 60 days in place of 30 days, as was the case formerly. With continuous use of credit in excess of 60 days, credit extension to enterprises is continued, but it is accompanied by a penalty with a 10 percent increase of annual payments for the loan. The introduction of such a procedure has already shown a positive influence on the timely fulfillment of plans for sales of products by enterprises. At the same time the process displays an unhealthy tendency on the part of some enterprises of constantly using payment credit for covering their financial lags.

A most important and urgent problem is that of the timely repayment of bank credits and payments into the budget and to suppliers. The fact is that a number of production associations and enterprises do not observe a payment discipline and delay payments for Gosbank loans and for bills of suppliers. The chief reasons are violations of financial discipline (creation of above-plan and sometimes unnecessary reserves of commodity stocks, diversion of working capital to debtor indebtedness, capital outlays for purposes not provided by the plan). Moreover, those guilty of such violations carry no material responsibility and additional interest and fines for late payments are written off for the enterprise, although nonfulfillment by the latter of payment obligations leads to imbalance between physical and monetary flow and, in the final analysis, to reduced production efficiency.

It would appear to be advisable to equate the accountability of officials for violation of payment discipline with responsibility for nonobservance of contractual obligations for delivery of products. The fact is that timely delivery of products and payments for them are in essence equal links in the production process and in sale of products. This means that these links should possess an identical status. Money from fines and higher interest should not be made the responsibility of the enterprise but rather cause a reduction of that part of the material incentive fund that was intended for the bonus of workers who are to blame for this.

The formation of above-norm stocks of raw and other materials contributes to the procedure existing at this time for determination of the size of the produced profit. The actual profit is the difference between the earnings from the sale of products and their full production cost, that is, current outlays for production output whose composition does not include excessive stocks creating a debt for which credit has not been extended by the bank. For this reason, a distorted picture is produced in practice. The enterprise has fulfilled and even overfulfilled its profit plan, but at the same time it has large sums of unpaid debts and in a number of cases experiences a shortage of its own working capital. At the same time, whereas the enterprise is recompensed in every possible way for fulfillment and overfulfillment of the profit plan, nonpayments, that is, the second, shady side of its activity still have not received the necessary critical evaluation. In our opinion, the solution of this problem is an overdue necessity. For determining the size of actually produced profit, there should be subtracted not only the full production

cost but also the debts produced from the valuation of the prescribed procedure of above-norm outlays and unpaid debts. Since fulfillment of the profit plan serves as a constantly controlled indicator for the state and superior organizations, the introduction of such a procedure of determining the size of actual profit becomes an effective barrier to the creation of excessive stocks of raw and other materials and other nonplan outlays.

At the 26th party congress, the need was especially emphasized of serious changes in production of consumer goods, expansion of their assortment and improvement of quality. It should be stressed that much is being done for the production and delivery to the trade of different consumer goods by enterprises of machine building and other sectors of heavy industry. But more could be done. We believe that it is essential for this end to examine most carefully at each industrial enterprise the possibilities for additional goods for the population through maximum utilization of wastes created in the process of basic production and of existing stocks that are above-norm and not necessary for the basic production of commodity stocks as well as through economies stemming from curtailment of outlay norms of raw and other materials. Trade personnel should be drawn into this work; contracts ought to be concluded with them for supply of additionally produced goods for the retail network. Naturally, additional monetary funds will be needed at a number of enterprises for setting up of special production operations and for the manufacture or acquisition of needed equipment. They can be issued by Gosbank.

Complex factor analysis of operational-financial activity is an important means of accelerating intensification of production, strengthening of cost accounting and boosting effectiveness in use of credit. Such analysis makes it possible to reveal production reserves and to eliminate in a timely way developing negative tendencies; it ensures observance of a regime of economy and thrift. It is particularly for this reason, as was pointed out at the 25th plenum of the Central Committee of the Belorussian Communist Party by T.Ya. Kiselev, a candidate member of the Politburo of the CPSU Central Committee and first secretary of the Central Committee of the Communist Party of Belorussia that the role of planning and economic services should be expanded in the analysis of the operational activity of plants, factories and organizations in search of production reserves. On this basis, ministries and departments should have a special standard at each enterprise that would clearly determine who should analyze when what economic information and who should examine when and introduce proposals produced in the process of analysis for the realization of reserves. Gosbank institutions should provide necessary assistance to associations and enterprises in the process of credit extension and settlements. And where needed, apply effective measures to them.

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7697
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PRICE AS INSTRUMENT FOR STRENGTHENING KHOZRASCHET

Moscow EKONOMICHESKAYA GAZETA in Russian No 29, Jul 81 p 9

[Statement by L.A. Ayvazov, deputy chairman of USSR State Committee for Prices: "Working Out of Wholesale Prices Has Been Completed"]

[Text] In January 1982 the new wholesale prices and rates will be introduced in industry. What has been done to activate the role of price in strengthening cost accounting and boosting production efficiency?

L.A Ayvazov, deputy chairman of the USSR Committee for Prices, replies:

"The general review of wholesale prices and rates in industry has been completed. A total of 2,020 new price lists was worked out. All of them were published in large editions and delivered to ministries, departments, associations, enterprises and organizations.

"As a result of the revision, wholesale prices and rates have been brought into accord with modern conditions of production and sale of products as well as the requirements of the economic mechanism; they create necessary conditions for development of khozraschet [profit center accounting]. Thus, unprofitability has been eliminated in coal mining, logging and production of thermal energy. Unjustifiably high profitability is being eliminated in some sectors and groups of products, especially in the electronic, radio-equipment, instrument-making and chemical industry.

"The stimulating role of prices has been increased in economy of material resources, acceleration of scientific-technical progress, raising of production quality. In order to boost the interest of associations and enterprises in producing less material-intensive products, profit included in the new prices was computed according to profitability norms established in relation to production cost exclusive of material outlays.

"The new price lists have been improved in the relation of prices for mutually replaceable forms of products and their territorial differentiation. Wholesale prices have been reduced, for example, for plastics, synthetic resins, which opens up the possibility of them being more widely used in place of nonferrous metals.

"Special attention was paid to stimulation by prices of the development of the resources of Siberia and the Far East. By way of example, for the creation of economic conditions in the accelerated development of Kansk-Achinsk and Ekibastuz basins a higher level of profitability (by a factor of 2.4-2.6) was provided than for the coal sector as a whole.

"Increased profitability in new wholesale prices was provided for progressive forms of rolled metal and other highly effective products of metallurgy--small high-quality rolled metal, converter steel.

"In addition to improvements in wholesale prices for manufactured products, there were developed and approved net production norms (NPN) included in the new price lists or their supplements. As of next year, 33 ministries, including all machine-building ministries, will be converted to the use of NPN indicators in industry.

"I would especially like to emphasize that the revision of wholesale prices for manufactured products was carried out without changes in state retail prices."

7697
CSO: 1820/10

RESOURCE CONSERVATION STRESSED IN CURRENT PLAN

Moscow EKONOMICHESKAYA GAZETA in Russian No 33, Aug 81 p 10

[Article by B. Plyshevskiy, Doctor of Economic Sciences: "An Economy of Resources and Production Efficiency"]

[Text] An economy of material resources and a decrease in the materials intensiveness of production has always been one of the chief directions of the scientific and technical and economic policy of the CPSU and Soviet state. The demand for a careful expenditure of output being created as a mandatory condition for efficient socialist economic management was emphasized by V.I. Lenin beginning with the first month of Soviet power. Thus, in the draft of the government decree on fuel (May 1918) he pointed to the necessity for "immediately developing a detailed plan of concrete practical rules which follow the goal of: 1) An increased extraction of fuel, 2) an economy of its consumption, 3) a rational distribution of technical resources by production areas or districts...." (Vol. 36, p.371).

In the accomplishment of the task of completing in the 1980's the changeover to a primarily intensive path of development which was put forward by the 26th CPSU Congress an important role is being assigned to an economical and rational use of material resources. The economizing of these resources per unit of output saves past, embodied labor and leads to an increase in national income and in the consumption and accumulation funds. An economy of material resources will also save the capital investments and labor needed for the development of the extracting branches.

Growth Rates and the Extraction of Resources

As a result of the rise in the technical level of our socialist production and of a decrease in material expenditures, the growth rates of Soviet economy have been substantially outstripping the development of the extracting branches which supply the economy with fuel and raw materials. With an increase in national income in 1980 of 14.1 times compared to 1940, the extraction of all types of fuel increased by approximately eight times, the production of finished rolled ferrous metals--by nine times, and the production of commercial timber--by 3.6 times. During the last decade alone each ruble of national income demanded the extraction of four percent less fuel and the production of 15 percent less rolled ferrous metals.

However, efficient use is not yet being made of the possibilities for increasing

the efficiency of social production by means of decreasing material expenditures and accelerating scientific and technological progress. Compared to the best world indicators, more raw materials and energy is expended in our country per unit of national income.

In each individual case it is possible to find concrete reasons for excessive as compared to progressive norms for the expenditure of material resources. If cases of direct mismanagement are excluded, many of these reasons seem at first glance objective. Shortcomings in planning and designing solutions in the construction of enterprises and the organization of the production of many types of machines, equipment, and consumer goods are explained, for example, by a shortage of the more economical and productive equipment which is needed to reduce materials intensiveness and by difficulties in changing over to improved technology. Planning workers and managerial leaders usually also refer to these circumstances to justify the high level of losses in the process of raw materials extraction and processing and of getting output to consumers.

But upon deeper analysis, the above-enumerated reasons turn out to be a consequence of work failures in planning and management, insufficient exactingness by state and economic agencies, and violations of discipline. There is no way to justify the instances which are still to be met in the production of output which is inefficient for specific material expenditures. For example, the new hosiery machines of the Tula Precision Machine Building Plant are equal to the old ones in productivity, but are twice the size of them and consume twice as much electric energy. The chief reason for the difficulties, shortcomings, and unsolved problems in the economy, it was noted at the 26th Party Congress, consists in the fact that the forces on inertia and the traditions and habits which developed during the period when not so much the qualitative as the quantitative aspect was most important have not yet been fully overcome.

For a long time it was believed that with sufficient capital investments and with an increase in the number of workers it was always possible to bring new mineral deposits into economic circulation and to increase the extraction of fuel and raw materials. During the Ninth and 10th Five-Year Plans the Soviet Union maintained first place in the world for petroleum extraction, steel smelting, and for the production of iron and mineral fertilizers, increased gas extraction and electric energy production at high rates, maintained first place for the production of cement, ferroconcrete products, and timber, and, for most of this period, for coal mining.

But, beginning with the second half of the 1970's, the understanding of the prospects for increasing the production of raw materials, fuel, and energy in our country, as in the entire world, underwent serious changes. For a number of types of mineral resources (petroleum, the ores of certain ferrous metals) a tendency was discovered toward a slowdown in the growth rates of extraction and a subsequent stabilization of this extraction. There began to appear a clearer understanding that there was a definite limit on the capital investments and labor resources which could in the foreseeable historical period be directed into the branches of the extracting industry. A calculation of the increased expenditures

for the extraction of many types of raw materials became a new moment in the theoretical understanding of the problems of the reproduction of mineral resources.

During the 1980's, as a result of the development of less rich, geologically more difficult, and more remote mineral deposits, the expenditures for many mineral resources have been increasing. The increase in the cost of raw materials and fuel is widening the economic borders for the performance of effective measures on economizing material resources. Such factors as an increase in the expenditures to maintain the extracting volumes which have been attained, the delivery of fuel and raw materials from the eastern areas to the center of the country and for exports, and the expenditures for environmental protection are influences in the same direction.

The High Road of Intensification

All of this is determining the enormous national economic importance of the task which was posed by the 26th Party Congress--to develop a new approach to the extracting branches of industry and to put the emphasis upon an increase in their efficiency. Under present-day conditions for an ever increasing number of positions an economy of raw materials and fuel is becoming economically much more advantageous than a further increase in production. In this way a decrease in materials intensiveness is becoming the chief direction for accelerating scientific and technological progress and intensifying production. This, as was emphasized at the congress, has to be the guiding principle in planning, scientific and technical and structural policy, management methods, and management policy.

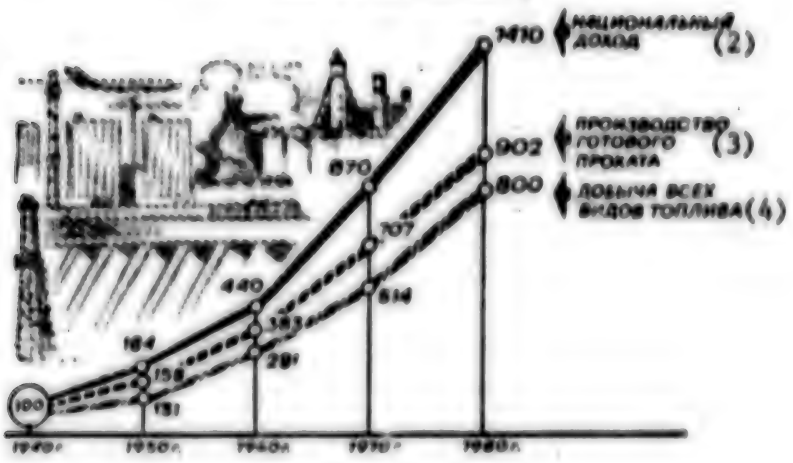
The policy has been adopted of an increasing replacement of mineral fuel with water power and atomic electric power stations. As early as the 11th Five-Year Plan hydraulic and atomic electric power stations are supposed to provide around one-half of the planned economy in fuel and energy resources. In the future the role of nuclear energy in saving petroleum and gas will increase, and the use on an industrial scale of geothermal and wind energy will begin.

In the development of the extracting branches attention is being increased toward a fuller extraction of mineral resources from the earth, their overall use, and the improvement for these purposes of the technology of extracting minerals. The solution of the problems which exist in this branch is important not only from the point of view of today, but also of the future. Every additional percentage point of minerals which are taken from deposits, their overall processing, and the maximum use of the elements contained in them decreases the need for opening up new deposits and preserve the country's natural wealth.

In the processing branches of industry the forefront is being taken over by an improvement of the use of raw materials, fuel, and energy and a decrease in wastes and losses at all stages of the technological cycle of the production of output and of getting it to consumers. This line is being consistently carried out in working out the draft of the five-year plan in metallurgy, machine building, the chemical industry, the production of construction materials, the light and food industries, and the other branches of the agro-industrial complex. Paramount importance is being attributed to the development and wider employment of resource saving technologies, and to an increase in the production of machinery,

equipment, and construction materials which are economical in their specific expenditures of resources. Thus, during the current five-year plan 40 percent of the economy's needs for metal will be met by means of economizing metal in machine building and construction, and the role of this source will almost double compared to the preceding period.

(1) РОСТ ПРОИЗВОДСТВА НАЦИОНАЛЬНОГО ДОХОДА СССР В СРАВНЕНИИ С РОСТОМ ДОБЫЧИ ТОПЛИВА И ПРОИЗВОДСТВА ОСНОВНОГО КОНСТРУКЦИОННОГО МАТЕРИАЛА — ПРОКАТА ЧЕРНЫХ МЕТАЛЛОВ (1940 — 100 процентам)



Key:

1. An increase in the production of USSR national income in comparison with the increase in the extraction of fuel and the production of the basic construction material--rolled ferrous metals (1940=100%)
2. National income
3. Production of rolled goods
4. Extraction of all types of fuel

In order to decrease waste and losses of raw materials and fuel a strong emphasis is being put on involving secondary resources in economic turnover. An outstripping development for the production of the equipment necessary for their utilization is planned, and the material base of the corresponding branches is being strengthened. An improvement of the organization and of the techniques of collecting and processing raw materials and materials wastes, of the utilization of secondary sources of fuel and heat, and of the system of storing and transporting finished output is also directed toward economizing resources.

An improvement of output quality continues to be a most important direction for economizing the material resources in all of the elements of production. In the

extracting branches this involves an improvement of the quality of fuel and primary raw materials, their enrichment, and a decrease in various kinds of admixtures; in the raw material branches--an expansion of the products list and an improvement of the technical characteristics of metals and other construction materials, of the reliability, productivity, and effectiveness of the implements of labor being produced, and an improvement of the assortment and quality of consumer goods.

The Economic Levers of Thrift

The decree of the CC CPSU and USSR Council of Ministers "On Strengthening the Work to Economize and Make Efficient Use of Raw Material, Fuel and Energy, and Other Material Resources" is of great importance in implementing the policy of an efficient expenditure of production and technical purpose output. This document defines a system of intercoordinated measures for decreasing the materials intensiveness of output under the conditions of intensification which is embracing all of the sides of the management of this process. Especial attention is being devoted to a calculation of the reserves for an economical use of material resources in planning production and scientific and technological progress and to strengthen the cost accounting and economic stimuli for decreasing material expenditures.

The realization of the measures contained in the decree has already begun, and their full implementation is to come in the middle of the 11th Five-Year Plan. This requires from all managerial agencies and production collectives an active participation in the stage-by-stage realization of the entire complex of planned measures. No less important is a continuation of research on ways to efficiently provide for the economy's needs for raw material and fuel and energy resources over the long term, to accelerate scientific and technological progress for these purposes, to find methods of determining the efficiency of planning decisions, and to further improve the economic mechanism in the broad sense of this concept.

2959
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ROLE OF MATERIAL STOCKS IN PRODUCTION DISCUSSED

Moscow EKONOMICHESKIYE NAUKI in Russian No 7, Jul 81 pp 54-60

[Article by V. Vlasov (Ufa): "The Role of Material Stocks in Increasing the Efficiency of Public Production"]

[Text] Material stocks are an individual part of the social product which does not participate directly in public production, but is necessary for continuous and hythmic reproduction. K. Marx points out that "the continuity of production requires a reserve of production funds -- a reserve which is different for different branches of production ..."[1]

From the national economic standpoint, the most effective is a structure of total material stocks in which the volume of each kind of resource is determined at the socially necessary level, that is, at a level which provides for the continuous flow of production processes with required material resources as well as high rates of increase in production with minimal withdrawal of material resources into reserves.

At the end of the 1970's in the USSR national economy about 12.5 percent of the country's gross social product was withdrawn for the formation of the total production capital stocks. A reduction of these stocks by just 1 percent would make it possible to utilize a total of about 1.3 billion rubles in the production of material resources. At the beginning of 1980 the total stocks of production capital in the USSR national economy had increased to 128.4 billion rubles, a 1.7-fold increase over the 1970 volume. Of these, 70.9 percent were production stocks in industry, agriculture and construction, and 29.1 percent in other branches. At the beginning of 1980 production stocks in the USSR national economy had reached 103.4 billion rubles, as against 60.8 billion rubles in 1970, and amounted to 80.5 percent of the total stocks of production capital. An increase in the absolute amounts of material stocks reflects an increase in the scale of production, but from the figures that have been given it is clear how very important it is for the national economy to maintain reserves at an efficient, that is, socially necessary level. In particular, as was pointed out in the report, "Main Directions for the Economic and Social Development of the USSR During 1981-1985 and the Period up to 1990," presented at the 26th CPSU Congress by Comrade N. A. Tikhonov, "One cannot tolerate the fact that many enterprises keep above-normative equipment, raw materials and processed materials, especially metal, while other enterprises are experiencing a shortage of them."[2]

A change in the branch structure brings about a change in the structure of stocks of production capital as well. In the 1970's there was a relative stabilization of the proportions of the most important branches of the national economy in the production of the gross social product and in the formation of production stocks (see Table 1). Under the conditions of the growing rates of scientific and technical progress, further division of labor and the complication of the ties involving material and substances, the structure of material stocks is changing in the direction of increasing the proportions of industry and agriculture.

For the modern stage of the development of agriculture it is typical to have a high proportion of production stocks, which amounted to 95.0 percent of the total material reserves of the branch in 1980. Production stocks in agriculture had increased 1.83-fold by 1980 as compared to 1970, while during that same period they had increased only 1.67-fold in industry. The more rapid growth of production stocks in agriculture was brought about primarily by the implementation of a large program for its intensification.

Since optomization of the amounts of material stocks is a large reserve for increasing the efficiency of public production, it is of considerable interest to calculate the indicator of the level of material stocks per 1 ruble of gross social product. At the beginning of 1980 in the USSR national economy as a whole there were 0.125 rubles of total stocks of production capital per 1 ruble of gross social product, including 0.101 rubles of production stocks. At the beginning of 1979 production stocks per 1 ruble of gross social product produced in the corresponding branch amounted to: in industry -- 0.094 rubles, in agriculture -- 0.084 rubles, and in construction -- 0.140 rubles.

The amount of time that material resource remain in stock is of great significance. The less it is , the less the reserves that are required for producing the same volume of social product, and this means also the larger the quantity of resources that can be utilized directly for the creation of material goods. At the present time in the USSR national economy a reduction in the amount of time production funds remain in stock by 1 day is tantamount to the release of almost 1.6 billion rubles.

The calculations presented in Table 2 show that, as a result of reducing the amount of time that material resources remain in stock, the relative savings of production reserves in the 1970's amounted to more than 21 billion rubles (sum of line 7).

Increasing the efficiency of the utilization of the total reserves of production capital, improving their structure and establishing optimal ratios among their forms constitute one of the most important national economic problems of social reproduction. The tenet of K. Marx concerning the interconnection and interdependence of various forms of material stocks is very important for scientifically solving this problem. ". . . When stocks are increased in one form," wrote K. Marx, "other forms of stocks relatively decrease, even though their absolute amounts can increase simultaneously in all three forms."[3]

The problem of optimal formation of material stocks can be reduced to the determination of the economically expedient variant of their creation and distribution in the spheres of production and circulation, taking into account ensuring

Table 1. Branch Structure of Production Stocks of the USSR National Economy and Their Dynamics in 1970-1979 (actually effective prices, billions of rubles)*

Indicators	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
USSR National Economy										
Gross social product,	643.5	685.3	717.4	770.9	816.7	862.4	903.9	949.6	995.7	1028.1
in %	100	100	100	100	100	100	100	100	100	100
Production stocks	60.8	64.1	67.2	71.5	75.4	81.1	87.0	93.2	98.6	103.4
in %	100	100	100	100	100	100	100	100	100	100
Including:										
Industry										
Gross social product	409.0	434.3	458.4	490.1	525.6	558.3	578.4	605.5	633.1	--
in % of national economy	63.5	63.4	63.9	63.5	64.3	63.3	64.0	67.8	63.8	--
Production stocks	37.9	40.1	41.7	43.7	46.3	50.7	53.4	57.2	60.1	63.4
in % of national economy	62.3	62.6	62.0	62.1	61.4	62.5	61.4	61.4	60.9	61.3
Agriculture										
Gross social product	103.8	108.1	108.8	121.9	122.1	122.0	132.4	141.7	147.0	--
in % of national economy	16.1	15.7	15.2	15.7	14.9	14.1	14.6	14.9	14.8	--
Production stocks	7.0	7.9	8.4	9.4	9.7	9.7	11.0	11.6	12.3	12.8
in % of national economy	11.5	12.3	12.5	13.1	12.86	11.96	12.6	12.4	12.5	12.4
Construction										
Gross social product	67.6	74.7	77.9	80.9	86.4	91.8	94.2	96.2	99.2	--
in % of national economy	10.5	10.9	10.7	10.5	10.6	10.6	10.4	10.1	10.0	--
Production stocks	7.7	8.1	8.4	8.98	9.6	10.5	11.7	12.8	13.9	14.8
in % of national economy	12.7	12.6	12.5	12.6	12.7	12.9	13.4	13.7	14.1	14.3

* Calculated from data from statistical annuals for the corresponding years

the continuity of public production. Its solution will contribute to revealing internal reserves for mobilizing and economizing on material resources and utilizing them efficiently. The task of optimal formation of aggregate stocks of production capital consists in, through efficient distribution of stocks among the suppliers, supply and sales organizations and consumers, limiting the tendency toward their absolute growth and contributing to their more economical and efficient utilization. The efficiency of public production is promoted by a ratio among production stocks, stocks of prepared products at the producing enterprises and stocks of production capital of supply and sales organizations which makes it possible, with a smaller volume of production capital stocks, to provide for the planned growth rates of public production.

Table 3 gives the structure of aggregate stocks of production capital in the cross section of the aforementioned forms. In the 1970's, despite the absolute increase in the amounts of aggregate production capital stocks, the proportions of individual forms of them remained practically unchanged: production stocks amounted to 80.1 - 80.7 percent, stocks of prepared products at producing enterprises were 7.2-7.6 percent, and stocks of production capital of supply and sales organizations were 12.1 - 12.4 percent. In our opinion, this structure of aggregate stocks of production capital cannot be regarded as efficient. The figures that have been given show that the reserves of production capital were distributed among numerous consumer enterprises, and this increases the amount of time they remain in stock and impedes operational maneuvering and redistribution of stocks in the interests of the national economy. At many enterprises the stocks exceed the established normatives and exceed the bounds of economic expediency, which contributes to the formation of a shortage of individual kinds of material resources at other enterprises. A paradoxical situation arises: bringing material resources closer to the sphere of industrial consumption, beyond a certain limit, removes them further from the process of production. Moreover, one should keep in mind that with the expansion of the assortment and lists of material resources consumed in the process of production and the increased cargo capacities of means of transportation (and this means also an increase in the norms for dispatch to one address), it is not economically expendient for each consumer enterprise to have reserves of all kinds of resources at its disposal. This brings about the objective need to provide consumer enterprises with warehouses and bases of material and technical supply agencies, and it means, in turn, that there is a need to concentrate and increase the stocks at bases and warehouses of supply and sales organizations. In this connection, as Comrade N. A. Tikhonov noted when speaking at the 26th CPSU Congress, "It is necessary to step up the role and increase the responsibility of the USSR Gossnab and its territorial agencies in the maneuvering of material resources and their efficient utilization."4 An objective requirement for the formation of aggregate stocks of production capital in the modern stage of development of the socialist economy is to constantly increase the proportion of the more mobile part of them -- stocks of supply and sales organizations.

The system of material and technical supply exerts an essential influence on the formation of the structure of material stocks through the distribution and capacities of bases and warehouses, the selection of forms of supplies, the level of development of wholesale trade in means of production, the efficiency of the operation of material and technical supply agencies, and so forth. One of the ways to form material stocks efficiently is to centralize part of the production stocks

Table 2. Efficiency of the Utilization of Production Stocks in the USSR National Economy, millions of rubles*

Indicators	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
1. Production stocks in national economy	52.9	55.8	60.8	64.1	67.2	71.5	75.4	81.1	87.0	93.2	98.6	103.4
2. Gross social product	550	587	643.5	685.3	717.4	770.9	816.7	862.4	903.9	949.6	995	1028.1
3. Material expenditures	305.9	325.3	353.6	380.3	403.8	433.1	462.7	499.6	518.2	544.0	569.4	589.8
4. Daily consumption of material resources**	.838	.891	.968	1.069	1.106	1.196	1.267	1.368	1.419	1.49	1.56	1.62
5. Production stocks on production days	63.1	62.6	62.8	59.9	60.8	59.8	59.5	59.3	61.3	62.6	63.2	63.8
6. Production stocks when duration of resources in stocks is at 1968 level (63.1 days)	52.9	56.2	61.1	67.4	69.8	75.5	79.9	86.3	89.5	94.0	98.4	102.2
7. Relative savings on production stocks through reducing stock time of resources	--	0.4	0.3	3.3	2.6	4.0	4.5	5.2	2.5	0.8	-0.2	-1.2

*Calculated from data of statistical annuals for corresponding years

**Daily consumption of material resources was calculated by dividing annual volume of material expenditures by 365 days.

of consumer enterprises at bases and warehouses of supply and sales organizations. "We cannot regard the Gossnab bases in the economic districts," it was noted at the 26th CPSU Congress, "as simply warehouses. They must prepare and sort material and efficiently supply the consumers with them, and in the necessary assortment and sets."[5] In this connection, attention should be given to the creation of the branch metal sorting base in the material and technical supply administration of the Leningrad economic district. The Leningrad metal supply and sales base, through centralization of the district's resources, formed and regularly maintains regular stocks in the necessary assortment. Moreover, the list of their products is based on a study of the demand, and the products are shipped in batches with the delivery dates being determined by the consumers. Before the organization of this base only half the orders from consumer enterprises were satisfied by the supply agencies and tons of metal were wasted because the rolled metal that was used was not of the assortment required by technology. Enterprises illegally exchanged metal among themselves, orders for individual kinds of rolled metal were brought up to the transit norm and, as a result of this, there was an overexpenditure of the supplies of rolled metal as a whole, and a considerable quantity of it remained in the warehouses of the consumer enterprises. After the organization of the metal sorting base, in which stocks of about 50 kinds of rolled metal were created, with an overall volume of a little more than 2,000 tons, the stocks of metal at consumer enterprises decreased by 45 percent, 1,100 tons of steel were released for the needs of the national economy, and the consumption of construction steels decreased by 900 tons as compared to the previous level, with a simultaneous increase of almost 20 percent in the program for the output of products.[6] For industrial enterprises this reduction of stocks also means the release of warehouse capacities and a reduction of the amount of payments for funds.

The decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 envisions increasing the stimulating role of payments for funds in the matter of ensuring efficient formation of material stocks. In keeping with this decree, payments for above-normative stocks of unjustified equipment and implements of labor will be made from the profit which is at the disposal of the associations (enterprises). Additionally, the associations (enterprises) are given the right to retain the savings obtained when they fulfill the plans for production and profit with less supplies than were envisioned in the plan. Since this part of the profit is also intended for the formation of economic incentive funds and for an increase in internal circulating capital, the associations (enterprises) are economically motivated to constantly control and regulate material stocks and to maintain them at the level of the established normatives.

In order to obtain complete and reliable data, in our opinion, it would be expedient to include in the material reproduction stocks means of labor along with implements of labor. At the present time, according to the classification of the USSR Central Statistical Administration and the USSR Ministry of Finance, production stocks include only implements of labor. The volume of total reserves of production funds is reduced in the statistical reports by the amount of the reserves of means of labor. In our opinion, both from the theoretical and the practical standpoints, there is no justification for excluding stocks of means of labor from the stocks of production as a whole. It is also expedient and necessary to separate stocks of means of labor, taking their specific purposes into account.

Table 3. Aggregate Stocks of Production Capital in USSR National Economy (at end of year, billions of rubles)*

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Aggregate stocks of production capital										
Total	75.6	79.7	83.9	89.0	94.1	101.1	107.8	115.4	122.5	128.4
%	100	100	100	100	100	100	100	100	100	100
Including:										
Production stocks in % of aggregate stocks	60.8	64.1	67.2	71.5	75.4	81.1	87.0	93.2	98.6	103.4
Stocks of prepared product with producers**	5.52	5.91	6.34	6.66	7.17	7.60	7.81	8.36	9.12	9.32
In % of aggregate stocks	7.3	7.4	7.55	7.5	7.6	7.5	7.2	7.2	7.44	7.26
Stocks of supply and sales organizations	9.31	9.7	10.4	10.83	11.55	12.4	13.1	13.9	14.8	15.7
In % of aggregate stocks	12.3	12.2	12.4	12.2	12.3	12.3	12.1	12.1	12.1	12.2

* Calculated from data of statistical annuals for the corresponding years.

** Stocks of prepared product are calculated according to the amount of stocks of commodity-material values, the proportion of stocks of prepared products in their composition and the proportional amount of fixed capital in the volume of industrial output. (see "Narodnoye khozyaystvo SSSR v 1979" [The USSR National Economy in 1979], Moscow, 1980, pp 54, 136, 541, 544 and 546)

In light of the decree of the CPSU Central Committee and the USSR Council of Ministers, "On Improving Planning and Stepping Up the Influence of the Economic Mechanism on Increasing the Efficiency of Production and Improving the Quality of Work," it is important to include in the national economic material balances indicators of the volumes of material stocks. To do this, it is necessary, above all, to determine the socially necessary amounts of stocks in terms of the individual kinds of material resources, and also the optimal ratios among the various forms (parts) and elements of the aggregate stocks of production capital. First of all, it would be expedient to envision in the structure of planning material balances the indicator of the volume of production stocks at consumer enterprises and the stocks of prepared products at producing and supply and sales organizations at the beginning and end of the year. It is possible to reflect the entire amount of aggregates stocks of production capital in the material balances only after determining efficient ration among various parts and forms of these stocks and developing methodologies for planning and predicting aggregate material stocks.

FOOTNOTES

1. K. Marx, F. Engels, "Sochineniya" [Works], 2d ed., Vol 24, p 210.
2. "Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 126.
3. K. Marx, F. Engels, op. cit., Vol 24, p 159.
4. "Materialy . . ." op. cit., p 126.
5. Ibid.
6. See Ye. Tolmachev and I. Zel'tserman, "Advantageous Partnership," PRAVDA, 8 July 1979.

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EXPORT CAPABILITIES OF THE FAR EAST OUTLINED

Novosibirsk IZVESTIYA SIBIRSKOGO OTDELENIYA AKADEMII NAUK SSSR: SERIYA OBSHCHEST-VENNYKH NAUK in Russian No 6, May 81, pp 34-37

[Article by N. L. Shlyk: "Export Specialization of the Far East: Main Directions of Development"]

[Text] The modern development of the Far Eastern economic district is characterized by its active inclusion in the sphere of the country's foreign economic ties, which was brought about mainly by the availability of natural resources here and its geographical proximity to the large markets of the countries of the Pacific Ocean basin. As practice shows, expanded participation in the country's foreign trade, in addition to directly increasing the efficiency of the economy (conditioned by the high efficiency of foreign trade) and revealing additional sources of development (credit), affects the economic development of the region.

In the first place, interregional ties are improved as a result of reducing long-distance shipments of the products the region needs and replacing them with imported ones, which is especially appreciable in providing consumer goods.

In the second place, the economy of the region is supplied with highly productive imported technical equipment: enterprises of the timber industry use a considerable number of timber transport ships, automotive graders, bulldozers and automotive cranes; there are comprehensive deliveries of imported equipment for construction at almost 20 enterprises. In particular, imported equipment was used to construct the Amur pulp and cardboard combine (which produces mainly viscous cellulose).

In the third place, export specialization of the enterprises makes it possible to maximally take into account the demands of the foreign market for the products list and the quality of products that are produced, bringing it up to the level of world standards. Moreover, the development of exports has a favorable effect on the quality of products that go into the domestic market. Experience in operating specialized export enterprises in the region's timber industry demonstrates the expedience of creating such industries in other branches of the economy of the Far East as well. It is precisely from the creation of specialized export industries, which make it possible to utilize the advantages of international division of labor more fully, that one can expect an appreciable influence of export specialization on increasing the efficiency of the regional economy.

In the fourth place, frequently export enterprises serve as an economic nucleus for the creation of new territorial production combinations, which is especially typical of newly assimilated regions. These enterprises can exert a great influence on the development of the region's interrayon ties.

A most important condition for effective development of export specialization in the Far East region is the creation of a stable, diversified export base--the basis for the development of the region's export specialization. The significance of the region's export specialization must be evaluated from two standpoints: first, from the standpoint of carrying out the tasks the USSR faces in the development of economic relations with countries of the Pacific Ocean basin and, second, from the standpoint of tasks for accelerated development and settlement of the region.

The main trade partner of the USSR here is Japan: it accounts for more than 30 percent of the USSR foreign trade turnover with countries of the Pacific Ocean basin and more than three-fourths of the volume of exported Far East products, which make up about 40 percent of the unionwide deliveries to Japan. The Far East delivers products to a number of countries that are located to the west and south of the coast line of the Pacific Ocean basin. But the proportion of these deliveries in the overall volume of the USSR exports is insignificant.

On the whole, export products produced in the Far East provide for more than 20 percent of the foreign trade of the Soviet Union with countries of the Pacific Ocean basin. On the one hand this shows a certain orientation of Far East exports and, on the other, the existing possibilities of stepping up the role of the Far East region in the development of USSR foreign economic ties in the Pacific Ocean basin. The level of development of the Far East export base is impeding this so far: despite the fact that exports are increasing at more rapid rates than the output of industry as a whole, their proportion in the gross industrial output is not great. The structure of exports is remaining practically unchanged: 70-80 percent of the volume comes from timber goods and fish products. And, despite the existing qualitative changes in the structure of exports of these leading groups, on the whole the exports of the Far East are mainly raw materials.

This situation can be explained by the more rapid rates of development of the region's extraction branches as a result of the economic assimilation of new territories (forest areas in the BAM zone, coal deposits and so forth). This is also promoted to a certain degree by the neighboring position of Japan--which holds second place in the capitalist world in terms of the volume of industrial production but does not have many kinds of resources and is in all ways interested in obtaining a stable supply of them, including from the eastern regions of the Soviet Union. One becomes convinced of this from the practice of the development of economic cooperation between the USSR and Japan in dealing with natural resources of the Far East economic district. Here five of the seven projects contribute to intensive development of extracting branches, but the credit received for the implementation of these projects is compensated for by deliveries of round timber, coal, petroleum and gas, which, to a certain degree, reinforces the raw material orientation of Far East exports.

Because of the expedience of economic assimilation of new territories, which requires considerable capital investments, the development of raw material branches

and the exporting of raw materials are effective and economically justified. Calculations show that in the future exports of individual kinds of raw material will be effective enough. Therefore their proportion in regional exports will continue to be significant. Still, it is important to provide for greater processing of the raw material that is sold, which will contribute to increasing the effectiveness of these exports.

The increased export deliveries of raw material commodities will be provided for mainly through the assimilation of new territories in the zone of the Baykal-Amur mainline, and in the more distant future—through economic assimilation of the Pacific Ocean coastline. As calculations show, during theinitial stage of the assimilation of the BAM zone, it is economically expedient to increase exports of timber goods. Subsequently the list of exported products from this zone is to be expanded as a result of the development of deposits of southern Yakutiya coal, iron ore, copper and so forth. And if in the first stage the exports from the BAM zone will be primarily raw materials, subsequently it is intended to improve the structure through deliveries of semimanufactured and final products.

The institute for economic research of the Far Eastern Scientific Center of the USSR Academy of Sciences has made a preliminary evaluation of possible exports in the cross-section of the individual more scientifically developed territorial-production complexes (TPK) and industrial centers (PU), taking into account their intraunion specialization. In particular, in the eastern part of the BAM zone they considered the Yuzhno-Yakutskiy, Zapadno-Amurskiy, Zeysko-Svobodnenskiy and Komsomol'skiy TPK's and the Urgal'skiy PU.

The specialization of the Yuzhno-Yakutskiy TPK involves the development and enrichment of coking coals and also (as a variant) the development of ferrous metallurgy. Consequently, they considered the posibilities of exporting coal, iron ore and rolled metal to countries of the Pacific Ocean basin, including the socialist countries of Asia. Calculations regarding possible exports were made without taking into account already existing long-term compensation agreements for a number of commodities (Yakutiya coal and timberproducts).

The branchesof specialization of the Zapadno-Amurskiy TPK are the timber and wood processing industry; this will make it possible to deliver for export round timber, lumber, wood fiber and wood chip slabs, industrial chips and a number of other goods through coastal trade.

From the Zeysko-Svobodnenskiy TPK, whose specialization will be determined by the timber, wood processing and pulp and paper branches of industry, in the future it will be possible to deliver round timber, lumber and pulp for export. Moreover, the Garinskaya iron ore deposit here makes it possible to consider the variant of exporting iron ore pellets.

The Komsomol'skiy TPK is already one of the more developed rayons. Various products are exported from here: round timber, industrial chips, lumber, pulp, machines and equipment, petrochemical products and so forth. In the future this complex will be a base for further increasing the exports of round timber, pulp and machine building products.

As for the Urgal'skiy industrial center, in the near future it will be possible to export round timber, industrial chips and coal from here.

Increasing the volumes of exports of raw material is the first stage in solving the problem of creating a large export base for the Far East. Subsequently it is intended to organize a complex of export industries for producing processed products. As research shows, it is most expedient to step up this work with timber processing and machine building.

The need for improving the structure of timber exports through increasing the proportion of prepared products is brought about not only by the interests of increasing the economic effectiveness of production, but also changes in the commodity markets: thus in Japan there has been a tendency towards reducing imports of industrial chips and increasing imports of pulp, as a result ofwhich Japanese firms are more and more actively financing construction of pulp and paper enterprises abroad. There has also been a stabilization of production in timber processing branches in Japan (because of the refusal of the United States, Canada, India and other countries to export raw materials), which in the future will increase the demand for semimanufactured and final products.

But the phenomena that have been noted have still not been properly reflected in the plans for the development of the timber industry in the Far East. Thus in the next five years it is intended to considerably increase the production of industrial chips, primarily for export. Since the main obstacle on the path of diversification in the timber industry and, consequently, exports is the low level of development of timber processing in the region, it is necessary to increase capital investments in its development through interbranch redistribution of funds, including limiting funds expended on logging. Apparently the use of foreign credit on a compensation basis has not been ruled out here (payment with timber processing products) nor have other forms of economic cooperation been ruled out.

Moreover, in addition to the construction of large timber processing combines, it is expedient to construct medium-sized enterprises and shops in those timber industry enterprises whose raw material base has initially passed through the conventional overall felling, and also in timber industry enterprises with a declining raw material base. The creation of such industries does not require large capital investments (taking into account the availability of facilities of the infrastructure) and it will also contribute to retaining labor resources. Moreover, there is the possibility of enlisting credit from Japanese firms through coastal trade on a compensatory basis, which presupposes purchasing the necessary equipment for this particular purpose. This direction for the development of timber processing will make it possible to strengthen the export base for coastal trade, whose role is increasing in the Far East economy.

Special attention should be given to the problem of diversifying export production in machine building in the Far East, taking into account the needs of the countries of the Pacific Ocean basin and primarily of the socialist countries of Asia. At the present time about 93 percent of the exported products from Far East machine building are sent to the European socialist countries and the developing states of the Near and Middle East, and only 5-7 percent to countries of the Pacific Ocean basin, mainly the socialist ones. One of the main reasons for the minimal participation

of the Far East in the shipment of machines and equipment to the socialist countries of Asia is the fact that the demands of this market do not correspond to the existing specialization of regional machine building. Still, the demands of this market and of the region itself coincide for many kinds of machine building products (mining, road construction equipment, metal cutting tools, equipment for timber processing and producing fish products, and so forth).

The orientation of machine building toward the export of products to these countries will have a favorable effect both on the effectivness on its functioning and on the expansion of foreign economic ties as a whole, taking into account the expedience of developing socialist international division of labor within the framework of the socialist states of the Pacific Ocean region.

As the economic potential in export production increases, there will be favorable new conditions for sending final products from the Far East to the markets of the capitalist countries of the Pacific Ocean basin.

Naturally, problems of export specialization should be resolved in conjunction with the problems of expanding imports from the countries of the Pacific Ocean basin for the internal needs of the region, including both machines and equipment and consumer goods. Above all it is expedient to import goods whose delivery from internal regions of the country requires excessive expenditures.

The prospects for the development of foreign economic ties should be worked out as an organic part of the overall plan for the development of the economy of the region and its individual branches.

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ACADEMICIAN REVIEWS BOOK ON NEW TECHNOLOGY FINANCING

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[Review by M.L. Bashin, member of the Scientific Council on the Economic Problems of Scientific and Technological Progress of the USSR Academy of Sciences, of the book "Finansirovaniye naychno-tekhnicheskogo progressa" [The Financing of Scientific and Technological Progress] by I.N. Lazarev, Moscow, Finansy, 1980, 111 pages]

[Text] The range of questions treated by I.N. Lazarev has to do with the important directions of the science of finance. The revolution in science and technology is objectively bringing forward new tasks which are connected with a further improvement of planning, financing, and economic stimulation in the sphere of scientific and technological progress (Page 4). An increasingly important role is being played by the forms and methods of managing the development of science and technology, and by the skillful use of various economic stimuli and levers: cost accounting, profits, prices, bonuses, and special and general economic financing funds.

The book consists of two basic sections. In the first there is an analysis of the economic content of the interrelations between science and production, of value categories in the sphere of scientific work, and of the cost accounting of operating "science-production" complexes. The second section is devoted to an examination of the system of financing the sources of scientific and technological progress and to the cost accounting methods of financing research and development, and also new equipment. There is an examination of controversial questions which have to do with the economic nature and character of the product of scientific labor and the interconnections of science and production. One has to agree with the conclusion that science participates not only in the creation of the final material product in the form of new equipment or progressive technology objects, but also in the process of its production consumption (Page 17).

The work analyses the commodity nature of the scientific product, the character of its use value, and the complex process of the formation of the value of the results of scientific labor which is supposed to reflect the real scientific and technical level of completed research and development. It substantiates the necessity for taking account of the specific nature of the branches of industry: the economic conditions of their operation, the character of their production, the production purpose of their output, development rates, the constant circulation of resources, and other factors.

New equipment measures which require large financial, labor, and other types of resources are objectively beyond the capabilities of individual, even very large industrial enterprises, although it is precisely these measures which are able to ensure the performance of a single technical policy for a branch, and to guarantee a high economic effect from the introduction of new equipment and progressive technology. For this reason, it is necessary to create a flexible financial mechanism which is capable of ensuring the realization of large national economic programs.

Proposals have been put forward which are directed toward a clear demarcation of state resources by management levels, which will make it possible to increase the economic responsibility and interest of the corresponding economic links in the effective use of the financial resources which are allocated for these ends. The concrete solution of this problem is connected with a fuller realization of the possibilities of the cost accounting interrelations within each "science--production" complex (Page 48).

The author provides good arguments for the proposition that the certain indefiniteness in obtaining results which is characteristic of the development of science and technology objectively determines a situation in which the amount of the resources which are assigned for the creation of new equipment, as well as the time periods for the reimbursement of the resources which have been obtained, have to be periodically clarified, if objective causes which do not depend upon the content of the work of the corresponding economic element are disclosed. In these processes it is advisable to make wider use of Gosbank credit (Page 59).

One can agree with the proposition that planning in the sphere of scientific and techological progress is connected with the real necessity for a rapid and flexible introduction of substantiated corrections in the financial and material and technical support for chief programs. Objective conditions could give rise to the redistribution of resources among the branches of the economy connected with changes in the directions of scientific research. In this connection, the author emphasizes the necessity for the regulation and redistribution of resources through a specially created financial resources reserve.

A substantial part of the book is devoted to the specific nature of changing over to cost accounting methods of financing scientific research and development in the various branches of industry (Pages 70-81). The reader obtains a detailed acquaintance with the content of financing new equipment work on the basis of machine building examples. A strengthening of the individual financial base of new equipment creators as the branch Single Scientific and Technological Development Fund grows will make it possible, according to the author's idea, to pose the question of the expediency of a gradual changeover to supplying the final new equipment consumer with finished output in the form of a completely finished object, instead of the practice now being used of conducting experimental development work and finishing the object in accordance with contracts with consumers on the basis of resources especially allocated for science. As a result, there will occur with the new equipment consumer a relative decrease in the need for funds for scientific research and experimental designing work (Page 81).

In conclusion, there is an examination of the financial questions of mastering new equipment introduction, of the production development fund in the system of economic complexes, and of the purpose of the Unified Fund for Development of Science and Technology [YeFRNT].

However, the work is not without certain shortcomings. For example, it does not contain a study of such practical questions as the system of differentiated allotments in relation to the quality, effectiveness, and scientific and technical development of output within industrial associations. This kind of approach would have made it possible to more fully realize the principle propositions of the 12 July 1979 decree of the CC CPSU and USSR Council of Ministers on strengthening the influence of the economic mechanism on increasing production efficiency.

The problem of improving the methods of forming the YeFRNT is not fully reflected in the work under review, including: an improvement of the special-purpose procedure of using the funds of the YeFRNT, proposals on the development of scientifically substantiated norms for distributing financial resources by the directions and stages of the "science-technology-production" cycle, and others.

The author commits a number of terminological imprecisions. One cannot agree that it is appropriate to use the concept of "labor productivity" in application to scientists and designers; this is appropriate in the sphere of industrial production. It would be more correct to speak of the effectiveness of the labor of creative workers.

The author uses the term "science-production" cycle. It would be more correct to speak of the "science-technology-production" cycle, which more fully discloses the content of the process of the creation and introduction of new equipment. Certain problems are considered in a somewhat fragmentary and discriptive manner. Apparently, this is a result of the small size of the work. In such cases, it is desirable to direct the reader to special works on a given topic.

The shortcomings which have been noted do not detract from the overall positive evaluation of the book which will be useful for financial and bookkeeping workers at all levels of the management of the creation of new equipment.

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